

State of New Jersey

Pharmaceutical Assistance to the Aged and Disabled (PAAD) & Senior Gold programs

# *Coordinating Benefits: What Changes in Medicare Mean for New Jersey's State Pharmaceutical Assistance Programs*

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# PAAD/Senior Gold Overview

- State funded
- PAAD established in 1975; Senior Gold in 2001
- 191,000 enrollees in PAAD; 29,000 in Senior Gold
- Benefits in FY 2003 (before rebates and recoveries):  
\$506 million for PAAD; \$18 million for Senior Gold
- Average Annual Benefit for PAAD

Aged	\$2,680
Disabled	\$4,799

# **PAAD/Senior Gold** **Eligibility Guidelines**

## **PAAD**

- New Jersey resident
- Income < \$20,437 for singles; < \$25,058 for married couples (PAAD income limits increase each year by amount of Social Security cost-of-living increase)
- At least 65 years of age or at least 18 years of age and receiving Social Security disability benefits

## **Senior Gold**

- New Jersey resident
- Income between \$20,437-30,437 for singles; between \$25,058-35,058 for married couples
- At least 65 years of age or at least 18 years of age and receiving Social Security disability benefits

# PAAD/Senior Gold Benefit Structure

## PAAD

- Beneficiary pays \$5 for each covered prescription.

## Senior Gold

- Beneficiary pays \$15 plus 50% of the remaining cost for each covered prescription.
- Once beneficiary reaches annual out-of-pocket expenses exceeding \$2,000 for single persons and \$3,000 per eligibility year for married couples, they pay only \$15 per prescription.



# **Medicare-Approved** **Discount Cards**

- Offered through private companies, approved by Medicare.
- Use is voluntary.
- No more than \$30 enrollment fee.
- Provide between 10-25% discounts on prescriptions through local pharmacies that participate in discount card network.
- PAAD beneficiaries above TA limits and all Senior Gold beneficiaries: not worth enrolling in discount card program.

# Transitional Assistance (TA)

- \$600 credit on discount cards for low-income Medicare beneficiaries (<\$12,569 for singles/<\$16,862 for married couple). Medicare pays for discount card enrollment fee.
- NO Senior Gold beneficiary is eligible for TA.
- About 110,000 PAAD beneficiaries ARE NOT eligible for TA.
- About 81,000 PAAD beneficiaries ARE eligible for TA.
- TA beneficiaries must pay 5-10% co-payment on each drug. PAAD will pay the amount of this co-payment in excess of the individual's regular \$5.00 co-pay.

# TA (continued)

## State of New Jersey:

- notified PAAD beneficiaries who would benefit from Transitional Assistance;
- contracted with Medco Health Solutions, Inc. through RFP to act as preferred provider of Medicare Drug Discount Card Program;
- automatically enrolled eligible PAAD beneficiaries into Medco's Preferred Prescriptions Discount Card Program;
- gave beneficiaries the ability to opt-out of automatic enrollment in Medco card. 350 of them did.

# TA (continued)

## Lessons Learned: Initial Administrative Glitches

- Welcome kit.
- 77,000 transactions submitted on 5/21/04; 68,000 have cards.
- 21,000 transactions accepted on 5/28/04. Additional 47,000 accepted on 6/4/04.
- About 6,800 error records for file mismatch:
  - 1,100 Medicaid disenrollments
  - 150 on Managed Care Exclusive Card
  - 60 in a territory
- Special handling of LTC population.



# TA (continued)

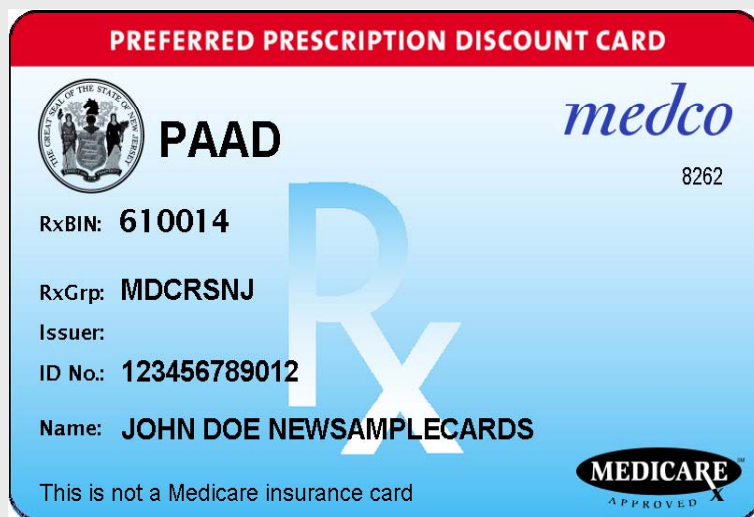
## State of New Jersey:

- requires pharmacists to submit claims to Medco first, then bill PAAD for any costs not covered by Medco (less the individual's regular \$5.00 co-pay);
- expects to save \$90 million in State Fiscal Year 2005 with Medicare-approved drug discount card.

# TA (continued)

## PAAD beneficiaries eligible for TA:

- were enrolled automatically by the State into Medco Preferred Prescription Discount Card Program;
- received new red, white & blue discount card in mail beginning of June



### Members:

CMS Approval: 04/09/2004

- This card must be presented at a participating pharmacy when purchasing prescription drugs.
- To locate a participating pharmacy, or for more information about your prescription benefit plan, please visit our website at [www.medco.com](http://www.medco.com) or call Member Services at 1-888-437-5494. TTY users should call 1-800-871-7138.

**Submit Claims to:**  
**Medco Health**  
P.O. Box # 2029  
Pine Brook, NJ 07058

**Pharmacist:**  
**Submit NJ PAAD COB**  
**Claims to Unisys**  
**1-800-776-6334**

**MEDICARE: 1-800-633-4227 • TTY users should call 1-877-486-2048**

**Pharmacists:** Submit claims via the TelePAID® System only for the person for whom the prescription was written. Dispense preferred cobranded and generic drug products where applicable in accordance with prevailing pharmacy laws and regulations. For more information contact the Pharmacy Services Help Desk at 1 800 922-1557 or visit the Pharmacist Resource Center at [www.medco.com/rph](http://www.medco.com/rph).

# TA (continued)

- still only pay \$5.00 co-pay (less for prescriptions under \$50); same drugs available;
- can't use TA toward \$5.00 co-pay. TA can only be used for cost of medication after discount and co-pay applied;
- should take new card to pharmacy to pick up refills. Good idea to take it before new prescription is needed so pharmacist can record information in advance.

# HIGHLIGHTS

- Only noticeable change for certain PAAD participants is a new identification card showing they are eligible for prescription benefits under PAAD and Medicare-approved discount card offered through Medco.
- PAAD participants' benefits remain same with discount card: \$5.00 co-pay and able to get all same drugs available under PAAD.
- TA is a benefit in addition to a person's regular PAAD benefits. Must still complete PAAD renewals to continue getting regular benefits.



# HIGHLIGHTS (continued)

- \$90 million dollar savings permits PAAD Program to keep low \$5.00 co-pay and preserve current benefits enjoyed by all participants.
- For Senior Gold participants and those PAAD participants ineligible for TA due to income limits set by Medicare, no loss of any PAAD/Senior Gold benefits.

# **BEYOND THE DISCOUNT CARDS: MEDICARE PART D**

- State of New Jersey is currently reviewing the Medicare prescription drug benefit that begins in 2006 and awaiting the publication of the regulations on Part D.
- Starting in 2006, New Jersey will likely pay the premiums and deductibles required under Medicare Part D, as well as “doughnut hole” costs, for PAAD and Senior Gold beneficiaries.

# 2006 CONCERNS

- Who will determine eligibility for Medicare Part D subsidies for PAAD beneficiaries?
- How will assets be defined? Asset test complicates eligibility. About 104,000 PAAD beneficiaries currently are below 150% of FPL. About 22,000 of them would be excluded because of assets.
- Too many different PDP options will mean many people will not choose any plan.
- Will enrollment be mandatory? If so, it will require legislation in New Jersey to change the PAAD and Senior Gold programs.

# **2006 CONCERNS (con't.)**

- Coordination of benefits with several different plans with different pharmacy networks and formularies.
- File matches with several different plans.
- Coverage for prescriptions not paid by the PDP because they are not on the plan's formulary or the pharmacy is not in the plan's network.
- How does a state pay premiums for beneficiaries? Does it pay CMS or each PDP? Complications with those between 135-150% partial subsidy population.